

LFC Requester: _____

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: _____ *Check all that apply:*
Bill Number: HB417 Original Correction
 Amendment Substitute

Sponsor: Reps. Cadena and Ferrary **Agency Name**
Short Title: Liquor Tax Changes & Programs **and Code** HCA 630
Number: _____ **Person Writing** Annabelle Martinez
Phone: 505-690-2439 **Email** Annabellem.martinez

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$0	\$11,000.0		Local Alcohol Harms Alleviation Fund (previously DWI Grant Fund)

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
\$0	\$0	\$0	NA	NA

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0	\$0	\$0	\$0	NA	NA

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Bill 417 (HB 417) is amending the distribution of the Liquor Excise Tax.

- Amendment of the definitions in the act from the DWI Grant to the Alcohol Harms Alleviation Fund and creating a new Tribal Alcohol Harms Alleviation Fund.
- A change in the amount distributed to the fund from 45% of the net receipts to 94% to the Alcohol Harms Alleviation Fund and 6% to the new Tribal Alcohol Harms Alleviation Fund.
- Changes on dates the counties will submit applications for the funding and dates in which the council will approve programs eligible for the funds, with adding the Secretary of Public Education (or designee) and Secretary of Indian Affairs (or designee) to the council.
- Amending to add the Gross Receipts Definition as used in the Gross Receipts Compensating Tax Act.
- Adding definitions as used in the Liquor Excise Tax Act.
- Adding a new section Imposition and Rate of Liquor Excise Surtax, beginning on July 1, 2026.
- Making appropriation of \$2 million (non-reverting) from the Local Alcohol harms alleviation fund to the Indian Affairs Department for expenditure in fiscal year 2026 to conduct the research and evaluation required pursuant to that act.
- Making an appropriation of \$2 million to the Indian Affairs Department for reasonable costs to administer the fund and make grants from the fund. An appropriation of \$3 million to conduct culturally appropriate research and evaluation on the harms and risks of alcohol and substance misuse.
- From 2027-2036, \$3 million appropriation to conduct interdisciplinary cross-campus research on alcohol policy and prevention efforts of the surtax.
- Making an appropriation of \$1 million (non-reverting) is appropriated from the local Alcohol Harms Alleviation fund to the board of regents of the University of New Mexico to be divided equally among the university's center on alcohol, substance abuse and additions and division of community behavioral health with department of psychiatry, and behavioral sciences to conduct the research and studies required pursuant to the Tribal Alcohol Harms Alleviation Program Act.

FISCAL IMPLICATIONS

HB 417 is allocating money to the Indian Affairs Department for expenditure to conduct the research and evaluation pursuant to that act. No allocation of funds to the Health Care Authority (HCA).

It is unknown whether this funding can be matched with federal Medicaid funds. An alternative is to fund the county alcohol and substance use prevention and treatment programs under administrative match of 50% through agreement between the counties and the HCA.

SIGNIFICANT ISSUES

Currently the process by which New Mexico Counties receive funding from liquor excise tax receipts utilizes population as the primary factor driving the amount of funds each county receives.

The grants outlined in HB 417 for counties utilizing this funding could supplement those funds for counties that have a higher-than-average substance use disorder rate for their population. It could also assist rural and frontier counties to address their unique challenges. A proposed funding alternative may include awarding counties based on the prevalence of alcohol and substance use related deaths in certain geographic areas while taking into consideration the most rural areas of the state and access to care.

Over the past 30 years, New Mexico has consistently had among the highest alcohol-related death rates in the United States, and it has had the highest alcohol-related death rate since 1997. The negative consequences of excessive alcohol use in NM are not limited to death but also include domestic violence, crime, poverty, and unemployment, as well as chronic liver disease, motor vehicle crash and other injuries, mental illness, and a variety of other medical problems. In 2010, the economic cost of excessive alcohol consumption in New Mexico was \$2.2 billion (\$2.77 per drink or an average of \$1,084 per person) (Sacks, Jeffrey J., et al. "2010 national and state costs of excessive alcohol consumption." *American Journal of Preventive Medicine* 49.5 (2015): e73-e79). Death rates from alcohol-related causes increase with age. However, one in five deaths among working age adults (20-64) in NM is attributable to alcohol.

nmhealth.org/data/view/substance/2889/

In 2019, 7.3% of Medicaid enrollees ages 12 to 64 had at least one clinically identified SUD in Medicaid claims data. Opioid use disorder was identified in 3.3% of Medicaid enrollees; alcohol use disorder in 2.5%; cannabis use disorder in 1.9%; stimulant use disorder (including cocaine or other stimulants) in 1.7%; and 1.7% of Medicaid enrollees had some other type of substance use disorder.

<https://www.kff.org/mental-health/issue-brief/a-look-at-substance-use-disorders-sud-among-medicaid-enrollees/>

In October 2024, The Centers for Medicare & Medicaid Services (CMS) [approved](#) Medicaid Section 1115 demonstration amendments for [Arizona](#), [California](#), [New Mexico](#), and [Oregon](#), allowing Medicaid and Children's Health Insurance Program (CHIP) coverage of traditional healing services delivered at or through Indian Health Service facilities, Tribal facilities, and urban Indian organizations (I/T/U facilities).

This [demonstration](#) approval enables state Medicaid agencies to acknowledge traditional healthcare practices as important components of the wellness continuum of care for Native American populations. Medicaid funding will help strengthen and expand access to these services and support integration of these services into primary care, substance use disorder (SUD) treatment, and other behavioral health care in a way that I/T/U providers have designed and developed to meet the unique needs of their community.

PERFORMANCE IMPLICATIONS

None for HCA

ADMINISTRATIVE IMPLICATIONS

Notice of the results in the studies and collaboration with HCA should be considered to ensure that services are aligned with what is available both Medicaid and non-Medicaid and what can be implemented. No IT impact.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

There may be a misalignment in resource allocation between the areas where DUI-related deaths

occur and the areas where excessive alcohol consumption happens. Preventative resources might be more effective if allocated to the locations where overconsumption occurs, rather than solely to the locations where its harms are most visible.

TECHNICAL ISSUES

It is unclear how allocation of grants vs. utilization of federal match will align. The bill should define the percentage that would go to state match and the percentage to be allocated to counties through grants. The preferred language is substance use rather than abuse.

OTHER SUBSTANTIVE ISSUES

Multiple studies from diverse contexts consistently show that increasing alcohol excise taxes is an effective strategy to reduce alcohol consumption and associated harms. This conclusion holds across various populations, including adolescents, young adults and those with Alcohol Use Disorder, and is supported by robust meta-analyses and systematic reviews. Specifically:

- There is a clear inverse relationship between alcohol price/tax and consumption levels. As taxes (and thus prices) increase, overall alcohol use tends to decrease.
- Many studies indicate individuals who drink alcohol excessively also reduce their consumption in response to higher prices—though the extent can vary by subgroup.
- Increased alcohol taxes are associated not just with lower consumption but also with reductions in alcohol-related harms (e.g., injuries, liver disease, crime rates).
- Taxation is repeatedly cited as one of the most cost-effective interventions governments can employ to reduce alcohol misuse and related health and social costs.

Studies include:

- [Wagenaar](#), A.C., Salois, M.J., & Komro, K.A. (2009). “Effects of beverage alcohol price and tax levels on drinking: A meta-analysis of 1003 estimates from 112 studies.” *Addiction*, 104(2), 179–190.
- [Elder](#), R.W., Lawrence, B., Ferguson, A., Naimi, T.S., Brewer, R.D., Chattopadhyay, S.K., Toomey, T.L., & Fielding, J.E. (2010). “The effectiveness of tax policy interventions for reducing excessive alcohol consumption and related harms.” *American Journal of Preventive Medicine*, 38(2), 217–229.
- [Chaloupka](#), F.J., Grossman, M., & Saffer, H. (2002). “The effects of price on alcohol consumption and alcohol-related problems.” *Alcohol Research & Health*, 26(1), 22–34.
- [Anderson](#), P., Chisholm, D., & Fuhr, D.C. (2009). “Effectiveness and cost-effectiveness of policies and programmes to reduce the harm caused by alcohol.” *Lancet*, 373(9682), 2234–2246.
- [Sornpaisarn](#), B., Shield, K.D., Österberg, E., & Rehm, J. (2017). “Resource tool on alcohol taxation and pricing policies.” World Health Organization.
- [Wagenaar](#), A.C., Tobler, A.L., & Komro, K.A. (2010). “Effects of alcohol tax and price policies on morbidity and mortality: A systematic review.” *American Journal of Public Health*, 100(11), 2270–2278.

ALTERNATIVES

None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status Quo

AMENDMENTS